

**ARIZONA STATE PARKS BOARD
TONTO NATURAL BRIDGE STATE PARK
HIGHWAY 87, 10 MILES NORTH OF PAYSON, AZ
JULY 19, 2006
PLANNING SESSION MINUTES**

Board Members Present:

William C. Porter
William Cordasco
William Scalzo
Reese Woodling
Elizabeth Stewart

Board Members Absent:

Janice Chilton
Mark Winkleman

Staff Present:

Kenneth E. Travous, Executive Director
Jay Ream, Assistant Director, Parks
Jay Ziemann, Assistant Director, Partnerships and External Affairs
Mark Siegwarth, Assistant Director, Administration
Cristie Statler, Executive Consultant
Debi Busser, Executive Secretary

Attorney General's Office

Joy Hernbrode, Assistant Attorney General

The Board participated in a planning session and workshop to select long-term objectives and strategies for the State Parks system.

A. CALL TO ORDER – ROLL CALL – 10:00 A.M.

Chairman Porter called the meeting to order at 10:05 a.m. He noted that the Board members had an Arizona State Parks Passport included in their file. He congratulated staff on the fine work they put into it.

Mr. Travous explained that RAM put this passport together. As people visit the various parks in the system, those parks will stamp their page in the passport.

Ms. Stewart asked if this is part of the 50th Anniversary.

Mr. Ream responded that it is now.

Chairman Porter noted that he and Mr. Travous went to Flagstaff in June and met with Mr. Cordasco to discuss today's work session and what they wanted to accomplish. It occurred to them that if the Board is to discuss long-range planning in an attempt to see where this organization needs to go to meet the needs of the future and to accomplish the goals set at the last work session, it may be necessary to go back and look at where the organization itself has been. It is difficult to look ahead and see where the organization is going if one does not pause and look back and study how the organization began and how it got where it is today. There can be constructive lessons

to learn. They asked Mr. Travous if he would take the first part of this process for the remainder of this morning and give the Board a good walk-through on the history of the Arizona State Parks organization. He noted that Mr. Travous has a product that could be used for other purposes down-the-road.

B. PRESENTATION BY EXECUTIVE DIRECTOR

1. History of Arizona State Parks

Mr. Travous noted that, before getting into his presentation, there is information in the packet relating to Contact Point. That discussion will take place at the business meeting on Thursday.

Mr. Travous requested that this part of the meeting be informal and suggested that the Board take notes to themselves. He noted the Ms. Ellen Bilbrey, PIO, has worked the hardest on this presentation. He provided the framework but Ms. Bilbrey is the one who really put this presentation together for him.

A copy of the full presentation will be provided to the Parks Board and will be filed in the official Board Book maintained in the Phoenix Office.

Mr. Travous reported that the presentation is broken into decades and governorships. The agency begins its 50th anniversary celebration this fall and runs it for about 16 months.

Mr. Travous reported that Arizona was the last state in the Union (at that time there were 48 states – Hawaii and Alaska had not joined the Union) to have a state parks system. There had been a number of attempts to create a state park system that failed. One reason for that was that there were powerful people in the US Senate who, whenever something needed protection, made it into a national park or national monument. There was no displayed need for a state park system because the federal government was doing it for the state. In the early 1950s several people, particularly a Mr. Carithers, Mr. Burt Fireman, and others, created the Arizona State Parks Association. They were dedicated to creating a state park system. The last two states to create state parks systems were Colorado and Arizona. There are several state parks systems that are older than the state of Arizona. In fact, there were state parks before there were national parks. Niagara Falls and Yosemite were both protected by the states before there was ever a national park system. They were subsequently taken over by the federal government. Valley Forge was a state park that was taken over by the federal government.

Mr. Travous reported that in 1957 HB 72 was passed and signed by Ernest McFarland, creating the agency. There was some tribulation. The Arizona State Parks Association was formed, the Arizona Development Board was already there. Restrictions were placed in the legislation hampering the growth of Arizona State Parks (ASP). To this day, any acquisition or addition to the state park system of more than 160 acres must be approved by the State legislature. He noted that there is specific language in the Heritage Fund that states the 160-acres part of the mandate does not apply. That language was purposely placed in the Heritage Fund to get by the 160-acres limit. He noted that there was an attempt to remove the 160-acres limitation from the Statute in the early 1990s. The Farm Bureau and the Cattlemen's Association opposed that

attempt so that limitation remains. It was, in fact, the Cattlemen's Association who were watching the legislation closely. The compromise to getting the legislation passed was that there would be two cattlemen on the Board to ensure they would be able to keep an eye on the Parks Board and that the State Land Commissioner would also sit on the Board. It became intensely political.

Mr. Travous noted that there were no guidelines given for what a park should be. Even today, there are no guidelines. In essence, anything that the Parks Board and the legislature want to become a park could become a park. That started some infighting within the state and within the Parks Board movement. Some thought it would be playgrounds; some thought it would be large expanses of land. The purpose statement is people-centered.

Mr. Travous referred to a slide depicting the first Parks Board: Charlie Reichs (Parks Director), Ziekiel Taylor (Cattleman), Virgil Mercer (Cattleman), Max Comley (newspaperman from Kingman), Francis Weadon, and Obie Lassenbach (Land Commissioner). He noted that the Land Commissioner is the only member of the Parks Board who cannot resign.

Mr. Travous noted that when the Board first met they had no budget; they had no Rules; they only had the law that created them; they had no traditions; they didn't even have agreement that they would follow *Roberts Rules of Order*. They were there to try to organize. The first Board action was whether or not to allow the press into the meetings. The decision was to do so.

Mr. Travous noted that, for whatever reason or political reason, Mr. McFarland began appointing political supporters to the Parks Board and did not appoint anyone who participated in the creation of the State Parks movement onto the Parks Board. The Arizona State Parks Association was angry because Bert Fireman wasn't put on it; Carithers was not put on it – they were all put aside. There were indications they were angry because, later on, Mr. Dennis McCarthy was assigned as the first Director. There was a big split between the Arizona State Parks Association and the Board to the point where the Board told the Association that their Chairman could come to the meeting, but no one else.

Mr. Travous reported that the first budget request was for \$30,000 (office expenses, Director and secretary's salaries, and Board expenses).

Mr. Travous added that the first State Park was actually Papago Park – it was not Tubac Presidio State Park. In essence, the Board never managed Papago Park. The Board held it in paper only and were trying to give it to the City of Phoenix. The issue was who had the authority to give it to the City. ASU got involved, the City of Phoenix got involved, the Game and Fish Commission got involved, and it was a 2-year process. In essence, the first thing the Board did was get rid of the only thing they had ownership of – Papago Park. Tubac was the first to become a state park.

Mr. Travous reported on the 1950s. The budget was less than \$50,000. The first expenditures were: \$2,500 for paint, lighting, and refrigeration at 1616 W. Adams (rent was free). The first parks to come into the system are historic parks. The reason is that: (1) they are under 160 acres, (2) historic preservation people were more organized than

others that that point in time, and (3) they ran into the issue of the buildings falling down and losing the historic fabric that was so important to these areas. Several parks came into being because no one locally could care for them. In 1957 Tubac Presidio was donated and the Board began the process of starting the State Parks system. In 1959 the Board picked up Tombstone Court House. The building was falling down. The Board did not own the land underneath the building. Staff discovered (in 1993) that the building sat on a 99-year lease that would end in 1994. The owners were a group of farmers who lived in Nebraska. The Board ultimately purchased the land the Court House sits on.

Mr. Travous reported on the 1960s. The governors in that decade were: Sam Goddard and Jack Williams. For the first time a program was added (in 1962) – the State Lake Improvement Fund (SLIF). Since it was added, 464 SLIF grants have been awarded. SLIF is a fund that comes from two sources – motor fuel tax for those who use gas on the water rather than the highway and from the licenses of the sale of boats. This fund is used for those places where boating is permitted. SLIF is one of a number of things that enabled the Board to really change the face of what it does. It is a dedicated funding source for those areas that allowed the Board to develop Patagonia Lake, Roper Lake, Dead Horse, Lake Havasu, Cattail Cove, Lyman Lake, Fool Hollow, and Alamo. None of the lakes in our system would be anywhere near where they are today without SLIF. The Board picked up Yuma Territorial Prison in 1960 (another historic park). The Board picked up its first recreation park – Lyman Lake – in 1961. The Board owns some of the shore, some of it is State Land lease; we do not own the water – the Zuni Tribe may own all the water. In 1962 the Board picked up another historic site – Jerome State Park – which was falling down. A second program is added – the Arizona Outdoor Recreation Coordinating Commission (AORCC) – in 1963. During the 1950s the Outdoor Recreation Resources Report program was started (under President Eisenhower). In 1960 a report was released that said there was a nationwide movement to begin protecting some of the lands that were out there. They decided to take royalties from offshore drilling and place them in this fund. This Land and Water Conservation Fund (LWCF) would go to the federal government to buy land and a portion of it to state governments to help states and cities within that state protect areas and build areas for outdoor recreation. There was a federal role in outdoor recreation. Arizona created AORCC to take that money from the federal government. It was a separate agency at that point in time. The Game and Fish Commissioner and Director of ASP are statutory members of AORCC. In its heyday the agency received millions of dollars from the federal government to buy and develop land under the LWCF.

Mr. Travous added that at this time both Stuart and Mo Udall are getting involved and are setting aside the mountain preserves around Phoenix, using some of the LWCF. The federal government creates the Recreation Public Purposes Act (allows states to get federal land for public purposes, whether it be for an airport, a cemetery, sewage treatment plant, or park).

Mr. Travous added that during the 1960s the Board picks up its second recreational park – Lake Havasu (1965). The BLM was not, at this time, involved in recreation management. They cut a deal for a long-term (50-year) lease with the Board in 1965 to build parks in the area. The Board, in turn, enters into some concession agreements that

are 50 years long - some of which don't end until 2012-2015. When those leases end, it will become very political because there is a lot of money involved. Mr. Bill Eunis, the Board's concessionaire at Lake Havasu on River Island and Buckskin went there during the early 1960s when no one would go there, lived in the heat of the desert with no air conditioning and built himself an empire. He has more campsites on the Colorado River (both California and Arizona side) than the board has in its entire system. When a concessionaire enters into a concession agreement, they can spend all of their time making money and plotting how to make money - which is what they are there to do. Government only deals with concessions when the concession issue comes up. A concessionaire will go to a legislator in a heartbeat and the political issue becomes, "You are messing with private enterprise." It can get nasty. The concession agreement was for 2%-3% of the net over a 50-year lease. Everyone at the time was going in to 50-year leases. Concessionaires needed to make money. No one at that time dreamed anyone could get a return in 6-8 years.

Mr. Travous that in 1965 the Board picked up another historic site - Painted Rocks. This is the only park the Board decommissioned. The Board received indications from the Health Department that the fish in the nearby river were laden with mercury, pesticides, and other heavy metals. The Atomic Energy plant is just upriver. The Board decided to distance itself from that site for health reasons. In the same year, Cattail Cove is added to the system, along with Buckskin Mountain. Boat sites are being added at Cattail Cove and Buckskin. Picacho Peak was added in 1966. While it has a lot of history, it is also perhaps the first natural area. Picacho Peak is a well-known, unique landmark. The Battle of Picacho Pass took place there. In years with good rainfall, the entire park is covered with blossoms of poppies. While something historical happened there, that's not what he believes actually drove the Board to acquire it. It was place everyone knew; it was a place people were already pulling off to see. It appears to him that it wasn't the history that drove the Board there - it was the peak itself and the people who were already coming there to hike the area. This is perhaps the first park that was opportunity vs. problem-solving - it was perhaps a more proactive situation.

Mr. Travous added that in 1967 another program is added - the State Historic Preservation Officer (SHPO). The first SHPO was the State Parks Director at that point in time, who served as well as the liaison with the federal government on the LWCF. SHPO has been responsible for awarding 555 grants. SHPO is the Board's first and only real regulatory arm. The current SHPO, Mr. Jim Garrison, is a very astute politician and knows how to get things done without being overtly "in the way".

Chairman Porter noted that this is perhaps that first critical point where what was originally conceived as simply a parks operation is being significantly shifted to something much more involved.

Chairman Porter called for a Recess at 11:14 a.m. He reconvened the meeting at 11:30 a.m.

Mr. Travous reported on the 1970s. The governors were Raul Castro and Wesley Bolin. The budget now is a continual step up the ladder from \$500,000 to \$2,500,000. He believes the reason for the increase is due to Governor Bruce Babbitt (late 1970s), the

SLIF and LWCF growing, appropriations from the General Fund. He also believes that the legislature, at this point in time, was more engaged in ASP.

Mr. Travous reported that a new program was added in 1972 – the Trails program. ASP worked with the State Committee on Trails. At this point in time, no money is being awarded for trails. The agency was just helping to coordinate the trails efforts around the state in association with outside groups. The Natural Areas program also comes on at this time. Since then, 143 state trails programs and 18 federal programs have been done. We now have the State Trails System. The Trails Committee would nominate something to be on the “State Trails System” and the Parks Board would say “yea” or “nay”. The Parks Board had the only authority (but no money) to create a state trails system. The money came later. In 1970 Fort Verde was added (another place where the fabric is falling apart). In 1973, Dead Horse Ranch is acquired. It was given to the Board by the legislature; it was not the agency’s idea. This is the first park that the legislature says needs to be a state park. They bought out someone’s ranch with no access and gave it to the Board. The first time the Parks Board used its right of condemnation was in 1973 to acquire a right-of-way for a low-water crossing across the Verde River so the public could get to Dead Horse Ranch. (The Parks Board has used Condemnation 5 times in 50 years.) In 1974 Ernest McFarland purchased the old Courthouse in Florence and donated it to the state parks system. He had his own committee of people who actually worked for him and they had Channel 3 reconstruct the Courthouse. Patagonia Lake was picked up in 1975. It was a lake that was built by private enterprise in the 1960s that went “belly up” for lack of investors. They brought it to the Parks Board who purchased the land over a period of 5 years. The caveat was that the City of Nogales could use this water if there were ever a drought emergency.

Mr. Travous added that in 1975 a Natural Areas program was added and staffed by two people in Phoenix. It was a program in process, but not one that was funded. The program consisted of a group of scientists who gave advice on areas that should be protected so that if the Board were ever to buy natural areas they would have input.

Mr. Travous reported that Boyce Thompson came to the Board in 1976. It was a three-way agreement with the University of Arizona (UA), the Foundation (out of Cornell University), and ASP. The Board agreed to come in and handle the people end of what they are doing. Cornell University and UA take care of plants. The private Foundation owns the land; UA provides all but ASP’s two employees. All three entities contribute financially to the operation. All revenues collected go back into the park. Lost Dutchman was acquired in 1977 through the Recreation and Public Purposes Act. The Board has a patent on the land from the BLM. Roper Lake was acquired in 1977. It was another political situation where a rancher in the southern part of the state was having problems. It was actually owned by the Game and Fish Commission. Game and Fish helped him by creating a state park on land that they actually own. The Board just renewed a 25-year agreement 2-3 years ago with Game and Fish Commission. This park was also built with SLIF.

Mr. Travous reported on the 1980s. Another program was added in 1981 – the Law Enforcement and Boating Safety Fund (LEBSF) grant. The county sheriffs started complaining that the SLIF was building lakes, people were going out and having

accidents on the lakes, and they did not have the wherewith all to manage law enforcement on the lakes. The legislature created a portion of SLIF that is a pass-through fund that comes through the Board and is divvied out to counties for boating and the county sheriffs receive that money to hire people to manage the lake. Primarily Coconino, La Paz, Mohave, and Maricopa Counties receive the majority of those funds.

Mr. Travous noted that Bruce Babbitt became the governor and served from 1978-1986. During his watch, the following events happened: Kartchner Caverns State Park (he was the first governor to enter the cave), Riordan Mansion, the Conservation Corps, the Parklands Foundation was created, the Site Steward program, Alamo Lake, Catalina, Slide Rock, Yuma Crossing, Red Rock, Oracle, and Homolovi. The Board has not had a real activist governor before or since Bruce Babbitt. After he left, things really changed dramatically – not only in the Governor's Office but also in the legislature. He noted that the Board also lacks an outdoor writer like Ben Avery. There are some who are good, but not on the same scale.

Chairman Porter called for a recess at 12:00 Noon.

LUNCH

Chairman Porter reconvened the meeting at 12:20 a.m.

Mr. Travous reported that the Board picked up Riordan Mansion in 1978.

Mr. Travous reported that in 1983-84 the agency hit its first decreased budget mainly because state revenues were down statewide. A new program – Arizona Conservation Corps – was added. It was created in 1982 but became part of the agency in 1986. It was a program where youth were hired with special money. The problem was that it had autonomy for hiring people and sending them to different places. The money was appropriated to the Parks Board but the Conservation Corps had the decision-making authority on how it was spent. They were hiring people before the money was there. Money was going to be taken from SLIF in order to make payroll. The program got out of control and was discontinued in 1995. The Parklands Foundation was added in 1983 and AORCC was absorbed into the agency in 1983. The Parklands Foundation died under Governor Mechem. The purpose of the Parklands Foundation was to create awareness and bring properties into the state parks system. They brought Slide Rock State Park into the system and got legal support for Homolovi and Red Rock. Prior to its absorption into the agency, AORCC was doing the same things that ASP was doing with the SLIF. AORCC's charter was taken away and it was added to the agency. It created a lot of problems. The agency was applying for money and distributing money. The state had complete autonomy on how it would award that money as long as it had a project selection process. For instance, in Texas they give that money all to locals and nothing to their state parks. In Tennessee, they tell the locals how much they get each year. Other states use it entirely for their state parks systems. When he joined the agency, AORCC had just been taken on as a separate agency and had their own funding. They had their own logo. It took years for them to be absorbed in to the organization culturally. During this decade the Site Stewards program was added to SHPO. Catalina was created in 1981 by the Catalina Coalition, a group of people who lived in Tucson and saw development going up the mountains. They recognized the

need for continued access to the mountains and the need to get in front of development. Alamo Lake was picked up in 1983. Slide Rock was picked up through the Parklands Foundation. Yuma Crossing was picked up in 1986. When Governor Mecham is elected, the Foundation refuses to meet and dies. Red Rock was part of a land exchange and was acquired in 1986. Oracle was part of the Defenders of Wildlife and was acquired in 1986. Homolovi was a result of the archaeology and historic preservation communities getting with Bruce Babbitt and acquired in 1987.

Mr. Travous reported that in 1987 the Board gets another program – the Enhancement Fund. The Board wanted to do Kartchner Caverns State Park (KCSP) and state government had no money. The Board tells the legislature that if they would just let the Board keep the money they make, the Board would borrow the money and buy the land and then use the money it makes in the system to develop the park. At that point in time the agency's revenue was about \$1.2-\$1.3 million. Staff did not realize how that would change the organization. When the agency started keeping its money it started making money. Business plans were created. The mindset was changed. From 1988 the revenues skyrocketed because staff saw the direct value of collecting money.

Mr. Travous reported that KCSP was picked up in 1988 and was developed through that program. For the first time, the Board did not need an appropriation from the legislature to develop it. Because there was no need for the agency to "poor boy" its way through it, the Board has what is known as "The Best Developed Show Cave" in the world.

Mr. Travous reported on the 1990s. The governors were Fife Symington and Jane Hull. Governor Symington was a good supporter of the Board. He was able to provide an additional \$3.5 million to help complete KCSP. The budget dipped in 1992-1994. Because of the fear of what would happen with oil as a result of the Gulf War the economy dipped and people cut back on their travel.

Mr. Travous noted that during this time staff spent a lot of time creating the 6-2000 Plan. It was adopted in 1991 and was probably the most encyclopedic work staff ever did organizationally to look at the future. It was called the 6-2000 Plan because there were 6 initiatives to take into the year 2000. The Board wanted to develop and rehab the current system. No historic parks would be added until the existing historic parks were brought up to snuff. Human resources would be managed (do more with training). Expand the system primarily in the upper cool areas of the state. Do better at marketing the system. Do a better job of managing financial resources and current programs.

Chairman Porter noted that the 6-2000 Plan subconsciously looks like a small cry for help, perhaps not openly recognizing we have been so overcome with all the programs and tasks that have been laid on us without an adequate, sensible funding process.

Mr. Travous agreed. He noted that two things were happening almost simultaneously. In 1988 the agency was on the cusp of its Sunset Review. They came back and said the Board was not doing enough for the people of the State of Arizona when it comes to the system. That's where the "expand the system" comes from. The reality was that during the 1980s the agency was not getting any money. Buildings were falling down. In 1990

the state of the Board's fleet of vehicles was sad. The roads at the parks were not paved. The 6-2000 Plan is what the Board came up with and policies were pursued as a result.

Chairman Porter called for a recess at 12:50 p.m. He reconvened the meeting at 1:00 p.m.

Mr. Travous reported that another funding source that was added during Governor Babbitt's administration was Highway money in the parks, up to \$5 million per year. There were those inside ADOT who did not want that to happen. The reason Catalina and Patagonia are paved now is because of this money. ADOT is allowed to use that money for roads, spurs, and traffic related appurtenances (low use roads).

Mr. Travous reported that the next big thing that changed the agency was the creation of the Heritage Fund. There was a Local and Regional State Parks (LRSP) fund that gave out 254 grants. Suddenly there was money for trails (\$500,000 per year); 143 trails were developed. There was money for Environmental Education; there was money for Historic Preservation; and there was money for Natural Areas. Prior to this, the Natural Areas Committee was only documenting the demise of natural areas. Now there was money to do those things, but there were no processes in place. Historic Preservation was going from \$40,000-\$50,000 per year to \$1.7 million per year. A process for \$50,000 won't work for \$1.7 million. He reminded the Board that all of that money is matched. It is the reason we have some of the other parks now.

Mr. Travous reported that the Tonto Natural Bridge was acquired in 1990 in the form of a lease/purchase. The Board convinced the legislature to borrow the money on the Open Market and pay it back lease/purchase. Payments were set up over 20 years. Staff expect to pay it off in 2011. The amount of payments is about \$370,000 yearly. The Off-Highway Vehicle (OHV) program was added in 1991. Since then 73 grants have been awarded. This program is one that has been robbed recently to make ends meet. In 1991 the Board picked up Fool Hollow. This is a partnership between ASP, Game and Fish Commission, the Forest Service, and the City. The Board has a 25-year management agreement that costs nothing with the right to renew for another 25 years at its option. He reported that the first purchase using Natural Areas money was in 1994 when the Board purchased 4,000-plus acres at Sonoita Creek.

Mr. Travous reported that in 1995 the Board did a follow-up process with William Weary – The Weary Report. Mr. Weary specializes in working with boards and long-range planning. The Weary Report discussed the idea that the agency had become a more complex entity. It was receiving numerous funding sources for having numerous programs added. They were things that were never envisioned being done. One of the points of that report is that ASP is a victim of its own success. The agency's staff are the people they come to when a problem needs to be solved. Weary says it's the "Mikey" reputation – Mikey will eat anything. The staff had it within their souls that if something needs to be done and it's important they'll do it and it doesn't matter. The agency has been a victim of that attitude. Because the agency has done it people continue to come to it. The report further stated that the world around us was changing rapidly; there were some stunning opportunities to seize (i.e., that ASP take over the Dept. of Tourism and perhaps absorb the Game and Fish Commission). The report also said that the Board had to decide on its Mission and restructure management and assess

personnel and program costs for the next 5 years, reorganize the Board and create a case statement. A number of internal changes were made. Prior to the Weary Report, he was doing all the Board meetings. It became difficult, and the Board was getting tired of hearing him talk. At that point in time, the Deputy Director position was eliminated and restructured into Assistant Director positions. Each Assistant Director position has its area of responsibility. They meet weekly to discuss policy, update each other organizationally, etc. There were discussions of going to a larger Board, going to a different mix of Board members, etc. Ultimately the Board did not change.

Mr. Travous noted that in 1998 the LWCF was reallocated and the agency began to receive money from them again. There have been 717 grants awarded. At any given time there are 400 active grants throughout all of these programs that staff are managing. Some drop off while others come on.

Mr. Travous reported that another program was added in 1998 – \$20 million per year for the Growing Smarter Program with the Land Conservation Fund to be used to match other agencies to purchase State Trust Land. No money has been given out in that fund in 3-4 years. The Land Department was getting sued because it wasn't going out for the highest bid. They were putting conservation restrictions on it and not getting the highest and best money for it. The Attorney General's Office told them that if they continued they would probably lose the case. Therefore, they suspended it. There was \$2 million of that \$20 million going to ranchers. They still get their \$2 million and spend it every year. The Board's remaining \$18 million plus interest has grown to \$118 million sitting in the account. The Board cannot spend that money. The agency can use \$500,000 per year of the interest to do things related to the program. Anything that's not spent and the remaining interest is rolled back into the fund. He noted that another problem with this type of money is that there is \$100 million here, Law Enforcement Safety money over there – they all get added into the budget to where it appears that the Board has all this money. When the legislature then says it gave ASP \$20 million last year, no one takes the time to figure out that that \$20 million cannot be used. The Board appears to be getting a lot of money when in fact it is not.

Mr. Travous reported on the 2000s. Janet Napolitano became governor. The agency had been chugging along for five years. There was Enhancement Fund money available for the parks to get themselves up to snuff. In terms of being victims of its own success, the agency was making so much money the legislature couldn't keep their hands off it. The agency had taken its revenue in 1988 from \$1.3 million to \$9.2 million this year. There was an almost 9-fold increase in revenue since 1988 by going through these processes to make money. There suddenly became a legitimate need statewide where the legislature shut everything down. They took everything conceivable from the agency's budgets. That's where we are right now. They were appropriating our revenue and giving the agency \$3.3 million. The agency is expending all its expendable income but not going into the hole. The legislature was finally convinced that the agency needed more money, but because the governor did not have more money in her budget the legislature refused to add money to the budget. They were prepared to add almost \$3 million.

Mr. Travous noted that the Board picked up San Rafael with Natural Areas money in 1999 (the Sharpe Ranch). The Board has 3,000 acres under ownership and 17,000 acres under land conservation easement. The Board picked up an additional _____ acres of Spur Cross Ranch in co-ownership with Maricopa County and partnership with the legislature and the Town of Cave Creek in 2001.

Mr. Scalzo noted that it was a complicated and nasty deal. The County manages the property under the Master Plan. It is now operating nicely. It is exposed as a joint effort between ASP and Maricopa County. The county does nothing relating to changes or the Master Plan without ASP involvement. It is a tri-party park: County (managing party), ASP (holds conservation easements over the park), and the Town of Cave Creek. It is not a state park.

Mr. Scalzo suggested that perhaps a future Board meeting be held in the town hall in Cave Creek and the County and Town take the Board on a detailed tour of Spur Cross.

Mr. Travous offered to provide the Board with paper copies of this presentation.

Mr. Travous reported that acreage was added on the Sonoita Creek in 2005. A few weeks ago the Governor signed a state bill that would create a climbing park (Tam O'Shanter) just east of Superior. The federal bill has not been passed yet. There are still things left to work out. There is no money there yet. This is another park that will be picked up through RP&P. Coal Mine Springs was picked up through Game and Fish, and ASP is managing it. Game and Fish picked up another property down there they want ASP to pick up as part of the Natural Area.

Mr. Travous reviewed the budget from 1958 through 2004. He discussed the 3-4 things that are different now from 20 years ago. We haven't had an activist governor since Governor Babbitt who had taken the agency to heart and went out after its issues. We don't have a daily outdoor writer like Barry Burkhart. We don't currently have a process for getting our budget before the legislature. In the 1980s a legislator who usually sat on the Appropriations Committee or was a member of the Natural Resources Committee was assigned to our budget. That does not happen any more. No one from the Natural Resources Committee is on the Appropriations Committee. We end up with people making budget decisions who have no idea (and don't want to know) what the agency is.

Mr. Travous referred to his last slide, "Who we are depends on where you sit". Those who sit on a Natural Areas Committee view the agency from one perspective. Those who sit on a foundation view the agency from a different perspective. It all depends on where one sits as to where we are. We are many things. He tried to show the Board the many facets of what this organization is.

Chairman Porter thanked Mr. Travous for his presentation and called for Recess at 1:45 p.m. Chairman Porter reconvened the meeting at 2:00 p.m.

C. DISCUSSION REGARDING THE AGENCY'S FUTURE DIRECTION, WHERE IT NEEDS TO GO, AND HOW TO GET THERE

- 1. The Board will not take any action at this time on the subjects discussed**

Chairman Porter noted that when the Board met at Tonto Natural Bridge State Park (Tonto) three years ago that meeting was driven in major part by some comments and thoughts that were brought to the Board by Mr. Cordasco, who had just come onto the Board and had experience of the work he had done for Babbitt Ranches. He shared a lot of insights with the Board about some of their operations and really got the Board's attention. The Board began to realize it didn't really have a good grip on who it is, what it wanted to be, who it should be, where it should be going, etc. He left that meeting with a different perspective. It changed the way that the staff talked, looked, acted, and reacted. Both he and Ms. Stewart believe that PAMS was a direct outgrowth of that meeting and believe that it is critical. He felt that this year would be a good time to come back in and take a look at where the Board is. Over the last six months or so Mr. Cordasco has wanted to discuss ideas and points that had to be put off until now so that proper attention could be given to them.

Chairman Porter stated that this is the time and the place to have those discussions. He turned the gavel over to Mr. Cordasco for this portion of the meeting.

Vice Chairman Cordasco stated a good place to start would be to recognize that environmental stewardship, recreation, and open space issues, all the things about Arizona that people try to protect, historic preservation, the issues of population growth, more people on the lakes, too many boaters, etc., are magnifying themselves. We start surfing through all that to see what the Board is supposed to do to take care of it from a management perspective, from a financial perspective, etc. He appreciates that the only experiences he really has are fairly singular in that they are mostly activities in Northern Arizona. In looking at what the Board is doing there, he's said many times that he is learning as much as possible from ASP because we are all really in the same boat and do the same things.

Vice Chairman Cordasco noted that in Northern Arizona he sees where his grandfather and others might have visited with at the Forest Service regarding all the land in Northern Arizona that were under them; one person was in charge of park plans or monument plans. For the State Land Department, there was perhaps one person as well. That was about it when it came to large landscape-scaled management. There was just a handful of people to do business with. Decisions were made on the run and action could be taken very quickly. The efficiency of that made the costs of one's efforts a lot cheaper than today. Now, even at Babbitts Ranches, when they have a discussion about open space, the City would be involved with perhaps their Parks and Rec or Open Space Commission; at the County level it would be the County Parks, County Rec, and perhaps County Open Space Commission Board; and at the State level it would be ASP, Game and Fish Commission, and others. The Forest Service would include their recreational staff and land management staff. Also involved would be National Monuments and National Parks. Sportsmen's groups today are very active in discussions of conservation easements as well as non-profit groups with responsibilities of science and education. Land Trusts pop up in everyone's neighborhood for one reason or another. Their purpose is to raise money to acquire property, possibly manage them, and for other reasons (recreational or aesthetic values). There are big groups coming along that have the big money like SRP (mitigation money) where they may acquire property on the Verde River and end up with a management responsibility

on the River in order to do something someplace else. The Arizona Historical Society has had areas where they may acquire historic properties.

Vice Chairman Cordasco noted that when ASP started in the 1950s, all of these things were at one's fingertips. Today, who is not doing what ASP does? Who is not doing what ASP does in a bigger way sometimes? Maricopa County manages 120,000 acres. He suggested discussing budget efficiencies, revenue efficiencies. There is a lot of competition going on with so many other entities that share the same values as ASP. They are all going after the same money. If the Grand Canyon Trust is going to go after money to acquire lands to put into open space and get it from Walmart, where will ASP get money from to go do things?

Vice Chairman Cordasco noted that his comments are somewhat abstract, but that's what he's been thinking about over the past couple of years. It's the same problem Babbitts Ranches have. Just about the time you think you're doing the right thing, all it takes is for someone to go to an attorney and set up a 501(c)3 and do the exact same thing. It dilutes things so that, over time, no one can be truly effective. Perhaps the Weary Report suggested ASP absorbing the Game and Fish Commission because he was thinking there was a dilution taking place where, in some ways, everyone is doing the same thing, competing for the same dollars, splitting them up with their large staffs and controlling whatever else go with it. No one is truly effective.

Vice Chairman Cordasco asked what the next point is. In looking at the final slide, conservation easements was not there. Also missing is education (a big part of ASP). Being a true transaction conduit seems to be a very important role of the agency. When one looks at that slide one is looking at the conduit facilitator, the historic preservation, recreation, program administrator for those programs, natural areas management, cultural preservation, attempts at education, even some responsibility for growth or lack of growth of communities under Growing Smarter, conservation easements, and the areas like PAMS (trying, in its infancy, to get an inventory with the actual intent to not only get that inventory but to be able to drive forward with information in order to make better decisions and integrate information into it for organization) one is also looking at how they fit in with the Vision Statement. He believes the Vision was articulate about being there for the people of Arizona and managing the health and welfare of the recreation and natural resources in the state. ASP may actually provide less actual management of state parks and a whole lot more of other things – or at least, equally a whole lot of other things. When going to the legislature and the general public and saying that we're ASP, they are thinking one thing – maybe Riordan; maybe Tonto; maybe Tubac. They are pretty single-minded about what ASP is all about. When one really starts to go through here, for instance with Spur Cross and whether or not it is a state park, the point is that ASP was a big part of it and most people probably don't appreciate or recognize that it was a function of ASP to even be involved in Spur Cross. In looking at Boyce Thompson and others like it, where ASP is more of a facilitator or administrator, ASP is an absolute hero in the State of Arizona. The Vision Statement says that ASP wants to be recognized as the nation's leader in management of natural, cultural, and recreational resources.

Vice Chairman Cordasco asked what “management” means. Does it mean being a conduit? Does it mean to be a program administrator? Does it mean to be a holder of conservation easements? Does it mean to promote education? Probably Yes to all the above. It’s almost like ASP is evolving past all these other types of groups. The future of ASP will go beyond the model that all these other groups are in today in order to be a leader nationally. ASP cannot be the same as the Forest Service. Who manages historic sites; who manages cultural resources; who provides recreation – who does all of these things in the State of Arizona. ASP cannot be the same as the National Parks Service with monuments, with preservation of cultural resources and historic sites, with Walnut Canyons and Grand Canyons, with ecological sites, etc. What happens, unfortunately, is we can’t get the things to filter on down through screens until whatever falls out at the bottom is ASP. Everyone is just so thankful that it is ASP who will pick those things out and make something special out of them. It is the culture of ASP to be really tough. With that toughness, he suggests that we move beyond that. If there is a really nice place in Maricopa County for a park – will ASP get it or will Maricopa County get it. If there is something that comes up in Coconino County that is just outside of town, everyone on that Coconino County Parks and Rec Board will say they want it as a park for Coconino County. ASP will say why not make a state park. Rather than make it a state park, the County would sure like ASP to help them get it. Since the 1950s, that is what each of these groups have done – including the non-profits who also got into the game. They can raise the money easier than anyone else can because they don’t have to go through the legislature. They can meet someone in New York City who cares about some furry creature they want to save.

Ms. Stewart noted that it’s the same problem with all these communities wanting a park located nearby. Once people come to the community, they do everything they can to keep them in town or go to other attractions. It’s like the Board is either bait to lure the tourists or the moneybags for these other organizations.

Vice Chairman Cordasco suggested that after the history lesson this morning, just look at it openly and say yes, the City of Phoenix or the city of any other place in the state, will want to be in control and have their deal going. Any county, any forest service, any national parks, Game and Fish Commission, even though they are great friends of ASP, if it comes to elk habitats someplace in a riparian area that could be an extraordinary state park, will be competition as to who gets to manage it. Any of the environmental groups probably think they can do just about anything better than anyone else, as well as the sportsmen’s groups and other special-interest groups. That’s fine, and perhaps they can. The point is that ASP has to deal with all of this type of thing – the SRP mitigation. Why didn’t they set it up where SRP has to go get Willow Flycatcher habitat someplace and rather than them having to own and manage it they could at least have bought it, given it to ASP, and still gone off and done their own thing. Why do they have to deal with it and why do the people around them have to deal with it?

Vice Chairman Cordasco noted, regarding the Historical Society, that a large portion of the parks system are historic sites. He appreciates that in the past there were battles with the State Parks Association and the Historical Society who have so many pieces of their web. There is expertise there.

Chairman Porter noted that the Historical Society is distinct from the Arizona Historical Society who have a lot of problems with those people as well. Where does ASP begin and end when it comes to historic properties and where does AHS begin? He could make a good argument that several of ASP's parks would be perfectly good museums under AHS, and AHS has a couple of properties that would probably make better state parks. The bottom line is that the overlap is actually hidden away with AHS. They have a ton of stuff in their basements that ought to be in some of our state parks. The Board has not yet recognized that it is in the ideal position to, whether it likes it or not, to be in a position of having to coordinate all of this. Perhaps there is baggage just with the name "Arizona State Parks" that is hurting the Board. The agency is something more than that. He understands there is a dislike for the word, "Conservation" right now because it carries political baggage of its own. It seems that perhaps the Board needs to seriously look at who the Board is identifying itself as being and then take the concept and history of how we got here as compared to what it was originally thought to be in the 1950s. It needs to go to the Governor in person in a presentation. It needs to be sold to the legislature. It needs to be sold to these various other organizations and entities. Sometimes they find the agency when there's an emergency – something bad is about to happen and the Board is the only act that can do anything about it.

Ms. Stewart noted that there are two things that come to mind. One was brought up that the Board is sort of a default. The Board may feel that way because it is looking at it from the perspective of state parks. In all her years in government she has found that there are certain functions that come to government because they are not lucrative and suddenly become a duty of the government to provide. She doesn't think the agency is much different than most other state agencies. Almost any state agency will have, over the years, inherited a lot of functions they were never intended to have. The other thing that strikes her is an apparent concern that the agency has evolved. She believes it's a positive. The City parks and the County parks are changing, too. Years ago they would have been smaller pieces of land and very heavily developed. Phoenix has mountain preserves; Maricopa County has parks that are larger than many of the Board's parks. The lines between the functions is changing. She thinks that's part of the fact that we, as a people, are changing. Our needs are changing. Society as a whole is changing. She doesn't know one necessarily needs to jump to the conclusion that the agency should be something else.

Chairman Porter responded that the agency is something else and has become something else. It has happened over years and years. He doesn't believe that that recognition has been made. He doesn't believe that, until recently, the agency has really understood that internally. He believes the Board knew it had a lot of extra baggage and things to do that it didn't originally have. He wanted to make it clear that he doesn't regard this as a bad thing at all. That's not the point. The point is that if the agency is going to be what the Board says it wants to be – recognized as a leader in this field – it has got to start acting as a leader. That may mean going out and making the contacts with all these various entities Mr. Cordasco referred to. He doesn't believe they are competitors. There are other people active in this area. He is deeply offended that in that whole lengthy process they went through trying to formulate the Land Reform that was eventually scuttled by the legislature that the Board was not even

regarded as a significant player. That bothered him. It seems that the Board should have been one of the organizations in the forefront of that kind of activity. The Board was completely ignored. The Board needs to ensure that it starts acting in such a fashion that it will be viewed as a key player. That means, in part, to begin forming relationships with these entities. That process has been somewhat started. The Board is working on its agreement with the Historical Society, where there is so much overlap between what they have that could help the Board and what the Board has that can be helpful to them. He thinks the Board is beginning to consciously recognize that and make it work. He believes the Board needs to do this across-the-board with Game and Fish.

Ms. Stewart noted that when the Board adopted the Vision, they talked about the fact that the Board didn't have a lot of money but also talked about the fact that the Board gives a lot of grants and could focus that more to ensure that it reflected the new Vision and that those issues the Board deemed important got more points and more money than those that were not consistent with the Vision. She thinks that a lot of these things are starting to happen. It takes time.

Chairman Porter noted that the last time the Board did a planning session such as this they were starting from scratch. He believes that, even though it hasn't perhaps moved ahead at the speed the Board would like in some cases, there has been a significant change in the way the agency functions and engages people. He believes that his and Mr. Cordasco's point on this is that the Board has really concentrated so heavily on those internal changes that it has not really consciously addressed the external. He pointed to the fact that we have a governor who in the last session when the legislature was willing to be helpful had not bothered to really look hard at the agency's needs and focus on pushing for them. That can certainly be individual eccentricity. He believes that part of it is that he's not sure she really understands who the Board is, which suggests to him that the Board hasn't really done a good job of selling to her who we are and everything we do and why the Board is carrying this significant major mission under her administration that she needs to recognize and needs to fight for. He is not satisfied that the Board has, in fact, looked at the external and seriously addressed it. How do we go about that? It comes down to what is our own view of what we are as it's viewed from the outside and how do we change that. He noted that it is important for the Board to get some internal viewpoints, too.

Ms. Stewart responded that she believes the partnership with the Historical Society has been huge. She thinks it's changed the view of a lot of people in the community. The Board started supporting some conferences (Land Trust Alliance Regional Conference, the Conservation Summit, APRA, etc.). She's attended many of these events and was told that this was the first time someone from ASP has been there. There are some external things happening. She's sure there's a lot more going on besides what she knows. She thinks there are external agencies and then there is the political stuff. She views the political stuff different. They may all end up coming together.

Mr. Woodling asked the Chairman what the possibilities are of coming out with some kind of plan to get people to realize who the Board really is through the 50th Anniversary. He noticed in looking through the list that there will be celebrations at the

parks at different times of the year. While he believes that's good, perhaps there should be a way to go beyond that and get who we are out to the whole state rather than isolating ourselves at various parks at various times. He's just raising this germ of an idea for discussion. It is an opportune time with the 50th Anniversary to really let the statewide community know who the Board really is. Who the Board really is must be defined among the Board members themselves first.

Mr. Scalzo stated that he believed Mr. Cordasco raised a lot of good issues. He is concerned that the Board needs to discover what ASP's niche is. He believes that the agency already headed in that direction in the early 1990s when it talked about developing campgrounds, fishing areas, geographically looking at the state to find the best fit to put resources into. He doesn't think the Board should buy any new parks until it takes care of what it has and puts money into them to improve them and make them all gems. If the Board acquires land it has to be for an especially good purpose and he hopes it is contiguous to land the Board already owns. That expands what the Board does and gives a presence rather than just buying something to fix up. The Board has to stop being everybody's junkyard. When they want to dump something they dump it on the Board. He believes that historic preservation is one of the niches the Board needs to continue because it is a good niche. The Board needs to identify its niches. The agency does well in the areas of camping and fishing. When most people think of ASP, that's what they think of. The agency has become more things only because people, in some cases, have forced it on the Board. The Board needs to control its own destiny, its own resources. If there are money problems, the Board must ensure it puts the money where it will get the biggest bang and serve the maximum number of people who want the Board's services. There are a lot of people who want the Board's services in this state. The agency is growing. Where do people want to go? They want to go away from the urban areas; they want to go to parks the Board has. The Board needs to expand and improve those parks and perhaps get more chunks of land that fit to that purpose and use SLIF to enhance them. Then, develop more revenues out of them to put back in. The Board has a good start with the Enhancement Fund. The Board has a lot of things the others would salivate over. Don't concentrate on the other little stuff and get back to the main purpose and the niche the agency serves. He thinks the Board is headed in that direction and needs to stop trying to be all things to all people.

Vice Chairman Cordasco noted that one of the niches the agency is extraordinary at is Service. When looking at the programs that ASP has, they are predominantly service oriented. He asked what those grants do for the rest of the state – whether it be city, county, local. ASP fills an extraordinary niche. Don't misunderstand – while it sometimes feels like being at the bottom of the barrel, in some ways being at the bottom of the barrel leads you to the top. You're the one with all the money who is dishing it out to everyone. That's a huge responsibility. One of the first comments he heard when coming on the Board was that when a poll was done among all the groups he mentioned, ASP rose to the top as being most appreciated and trusted. ASP has evolved to being as much a service department of the state as an action management entity of a park. When staff discuss things, it's probably mostly about management of facilities. They probably rarely talked about anything outside of management of

facilities. He wants to move forward with this discussion. He's not sure if everyone appreciates where we are in it or not.

Ms. Stewart noted that Mr. Cordasco's comments about the importance of service and grants are viewed as the bottom of the barrel or what the recipients do or what the public does. Perhaps the Board hasn't insisted on getting as much recognition as it could and as much realization by the general public. There may be some things the Board can do to be seen as playing a leadership role. There may be ways on the grants to require more publicity. The Board does require a small sign. Sometimes it's not very prominent and perhaps there are other things the Board could look at requiring instead. There are some things the Board can do such as taking what we're good at but bringing it more to the Board's advantage so that the public realizes that the Board is doing this. People understand that things are paid for from the Heritage Fund. How many people understand that the Heritage Fund grants come from ASP. Everyone loves the Heritage Fund and believe it is important. Somehow less than half of those people make the next connection that it was a grant from ASP. Perhaps there's a different way to require that the recipients give the agency recognition so that message comes louder to the public.

Vice Chairman Cordasco noted that the people the Board wants to be loudest to are the legislature. The public is almost irrelevant.

Ms. Stewart disagreed. She believes the Board needs the public as its champions. Staff have been good about sending the legislators lists that tell them what things have been funded in their district. They've been doing that for a long time. The legislators know; it's their voting constituents who aren't telling them that what ASP does is important to them and they want their legislators to take care of the agency.

Chairman Porter noted that Ms. Stewart may have just touched on one critical thing that could be done – everytime the Board awards a grant to try to get those recipients to write those letters to the governor and legislature and basically call a spade a spade and say ASP just did a great thing for us. Thank you for giving them whatever funding was necessary to do it, but understand you have to keep supporting them because they are important to us.

Vice Chairman Cordasco stated his belief that ASP evolved to be the best at being able to juggle more balls in the air than any other organization centered around conservation or park activities. That is the niche this organization has demonstrated they can do better at a statewide level than any other group in the State of Arizona. That is what he would go out and promote. With that in mind, that is what he would use as his catapult for leadership to accomplish the Board's Mission Statement – the facilitating of all those different balls in the air. Whether the State Land Reform Act passes this time or not, there are opportunities for ASP to participate in all kinds of activities.

Ms. Stewart noted the Board discussed convening a statewide forum.

Mr. Scalzo noted that those lands are so significant because they are all contiguous to existing parks. What the Board has protected to make them better, bigger in some cases, puts the Board better on the map. There are a lot of state parks all over the state. The voters have to realize that these are their parks; these parks will affect them regardless of where in the state they are. It is not just one of the counties. That's what

makes it a good preservation. But it's only because the land needs to be preserved. Give the agency the ability to control its destiny.

Mr. Cordasco responded that he was thinking on a larger scale – state lands and who is going to manage them in the future and where they will be. There is an aspect to this agency that is service oriented which infers that as State Land Department moves forward in a larger way, they need to start applying management of their land; need to start having campgrounds on state land; need to start having recreational activities. ASP should be in a position to service those needs.

Mr. Travous noted that the point of the Weary Report was that ASP is not these 30 properties any more. If the Board is going to do a better job in the future, it will have to embrace the model or jettison the grant programs and get back to the 30 properties it owns and become a property-only entity. Everything he's heard since that time is that no one wants the agency to jettison the other things. The problem is not what the Board is supporting through service but, in his estimation, the lack of support the Board gets in return. What we are is where you sit. The issue of San Bernardino comes through historic preservation but never sees the 30 parks. His frustration is that here we are trying to be a broker for all these things with properties that are falling apart. How can we justify spending \$1.7 million on a variety of things (Historic Preservation Fund grants) that get spread out all over the state when we have historic buildings in our system that are falling apart? The Board saved Manistee Ranch in Linda Gray's district with Historic Preservation money. It was one of the biggest Historic Preservation grants the Board ever awarded - \$800,000. They would be very willing to go to Linda Gray and say that ASP helped them save Manistee Ranch. The reaction from the legislature is, "They do a good job." The good the Board does in the programs is not translating into money for the parks we manage. The people are very appreciative, but the legislature are not going to back legislation that supports enough funding to take care of the parks. Until the Board gets serious about using money to get its own properties, we may not be able to get the legislature on board.

Mr. Travous added that the Board has two opportunities facing it this fall and staff do not want to be in the same boat they were in with the Land Reform. One is that the governor is working on a Growth Initiative. He has been trying to get involved in that initiative. He has not yet been invited to the meetings. ASP needs to be there. If she's going to put together her agenda for the next four years and growth planning is part of it, we need as a group to go and say, "Don't forget us this next four years." The other opportunity is that the Heritage Alliance, the group formed after the Heritage Fund was passed to protect it, are meeting again and, according to them, have the governor's approval to create Heritage Fund Part 2. They are keeping it in abeyance until after the election, and will look at another Heritage Fund to try to get some money back into the program. They want the agency's ideas of what its needs are. He had one quick meeting with them and told them that they need to give the Board more money than the legislature can take away. Staff are taking one of the 50th Anniversary celebrations to the Capitol Mall. We need our partners – the people the Board has been helping – to come and see through the prism on the 30 parks' side and help get the Board's money restored so we can be the example of historic preservation in particular.

Ms. Stewart stated that she has felt for a long time that the best budget pitches are not the fact that the agency used to have \$X and it got taken away and we're growing and need more money. Rather, she felt it is specific things. She believes people relate more to a specific picture. She thinks the Board needs a little video of all these parks that tells how wonderful these properties are from a historic standpoint and how important it is to our history and culture. She visited McFarland last week. Those cracks are getting wider and wider. They are 2-3 times as big as when the Board was at the property 6 months ago. We really have to show pictures and have fact sheets. It needs to be shown to groups. Even educated people who know about history don't understand that the agency has all these parks. She has tried to have detours to state parks at the History Convention not thinking anyone will actually stop and see them. The point is to get it into the program that the Board has a park at this location. A lot of these people tell her that they never knew there was a park at a certain location or that Oracle had the historic Kanally House and will come back to see it in the next year. These are people who should know that the agency has these historic properties. When she meets with people in the conservation community she asks how many of them had ever been to a state park. A few hands go up and she asks which parks. Several have been to KCSP; a few have been to Lost Dutchman; and a few have been to Tonto. They didn't have a clue as to how many parks the Board has and what kinds of properties they are. For some reason, people do not understand who we are and what we do.

Mr. Travous stated he wanted to take this a bit further – marketing our parks and marketing our problems. We can market our parks and people still won't see our problems. He believes that this war needs to go to the governor with those pictures. He believes that is one audience. He also believes that it's people in the districts who need to have the same inspiration and they need to start marketing our problems to the legislature. We are not getting these problems translated into solutions.

Ms. Stewart responded that the Board needs to build specific problems in pictures because to show what the agency needs \$6 million for.

Chairman Porter stated that he is not sure the governor even really truly understands that the Board really doesn't have a lot of money to do things with. Much of it is pass through – which is very confusing. The Board needs to put together a sales pitch that demonstrates who we are and what's happening. Most critical is why the Board's original mission of these 30 state parks are suffering because of that. It is a critical problem that needs to be addressed. Perhaps by doing that, the Board may very well get where Mr. Cordasco was talking about – to start making ourselves a player. He believes that he's hearing the Board needs to raise its standards on its own parks and start finding ways to concentrate on getting them up to the highest level of operation that they possibly can be.

Mr. Travous added that it is frustrating when the Board is giving money away while it has buildings that are falling apart. The point to be made to the people the Board is awarding money to is that we need their help, not because we want to feel better, but because we want to do better. We can't do better if we don't fix these buildings.

Mr. Scalzo noted that the coalition Mr. Cordasco was talking about needs to be developed with these towns and cities where the Board has a presence – the Show Lows

of the world where they have Fool Hollow that brings in economic development and people to the town. All those things fit into they need to be a partner. Not just by going to the governor, but going to their legislative representative. Some of these towns and cities can work their legislators fairly well. You have to show them bad news. He went before the County Supervisors a year ago and showed them all the problems he had. The County Manager told him that was the best presentation anyone did on their capital. Most capital presentations tell what is needed and what will be done. He just showed them everything that is wrong. This year he received \$10.5 million. Last year he got \$3.5 million. The year before that he received nothing. He presented the problem; they were embarrassed.

Ms. Stewart suggested putting a video together for each district.

Chairman Porter pointed out that there are parks in less than 1/3 of the legislative districts.

Mr. Travous added that he's not sure video works.

Ms. Stewart noted that it is the transition from simply a written report that won't get people's attention.

Chairman Porter noted that he is hearing that the Board needs to start marketing this problem with the idea of getting the ability to do what the Board needs to do with this park system.

Vice Chairman Cordasco suggested that the greatest marketing the agency could do might be to go to the legislature and call itself the Arizona Department of Parkland and Conservation. It would have the attention of everyone in the state whether it was regional planning, Growing Smarter, the Growth Initiative, State Land Reform, and other counties, cities, and other entities. The agency has got to get away from being called Arizona State Parks.

Chairman Porter noted that he has felt that way for quite a while. That discussion has already been visited. He agrees.

Ms. Stewart asked if the Board is focusing its energies on changing its name instead of changing what we're doing.

Vice Chairman Cordasco responded that he wants to be called who we are. We are not Arizona State Parks.

Chairman Porter added that what we are currently calling ourselves is just one item of what the Board does. He believes that it is an issue.

Vice Chairman Cordasco added that he believes it limits the Board's potential. If everyone thinks all the Board does is state parks, even though that is not all the Board does, the Board is limited. They will not call the Board when they have initiatives going on. What relevance does it have to the Board? The Board has Riordan Mansion, Tubac, or KCSP. Go do your things; what relevance do you have to this? But if the Board is called something that states it is a facilitator of all these things that take place in the state, and we're good at it, they will call the Board every time.

Mr. Woodling noted that usually when an organization changes its name it's because they have a negative connotation with the public. For example, the chemistry industry just changed their name to Chemical Research Association because they had a negative connotation due to all the pollution. He asked if ASP has a negative connotation and that's why this discussion of changing the name is taking place.

Vice Chairman Cordasco responded that he does not believe it has a negative connotation but it may be limiting – which may be negative.

Ms. Stewart stated she didn't think it was limiting.

Mr. Ream noted that Phillip Morris changed its name to Altria because they are more than just cigarettes – they are Kraft Foods. Perhaps Phillip Morris did have a negative connotation but Kraft Foods did not.

Chairman Porter stated that he felt this is an issue the Board really needs to study and look at. It's not a step to be taken lightly.

Vice Chairman Cordasco noted that when PAMS takes off it will not be about ASP – PAMS is about the State of Arizona and it is a model for the state. The Board has got to be that. It cannot be limited because if it's limited it stifles everything from parks, to doing budgets, to staff's legislative activities, to going to the governor.

Mr. Ziemann suggested that the Board can rest assured that the legislature and the governor know about what the Board does. Even the people who are largely ignorant about ASP know that we solve problems and that we're good at it. When the OHV issue comes up and there is OHV legislation ASP is dragged into it. When the climbing park came up, they didn't ask a county to participate, or ask the National Parks Service. The Board was sought out. The Arizona Trail is another of many examples where things come up even people who generally don't like the agency recognize that we are capable and that we can get things done. What hasn't followed is funding.

Mr. Scalzo added that it's also because staff are good managers. The Board is good at managing with limited resources and they expect it to continue.

Ms. Stewart referred to a previous comment about pass through grants. She asked how many of those grants are percentages that are awarded and the percentages that are kept legislatively mandated. In other words, she asked if the Board can meet with these groups and tell them the Board is thinking about changing the percentage because it is unable to do what it needs to.

Mr. Travous responded that certainly the grants in the Heritage Fund have some flexibility. The SLIF is not mandated.

Ms. Stewart noted that one of the things the Board can do is say that the Board's first duty as stewards of these properties is to bring its own properties up to standard. The Board has not been doing the job it needs to do; the legislature has not been able to help enough.

Mr. Ziemann responded that that comes at a perilous cost. All those people call in chips and try to help the Board succeed. The Board is now taking their money. They may be screaming at the Board rather than screaming for the Board.

Ms. Stewart responded that they don't necessarily need to be notified that that Board made that decision but perhaps they are asked to come to meet with staff and are told about the Board's dilemma and show them some of the pictures.

Mr. Ziemann suggested that the Board needs to think that through very carefully and have a strategy.

Chairman Porter stated he believed the point has been made. He asked Mr. Travous to come up with some ideas from this discussion.

Mr. Travous responded that he would try to spend some of this evening coming up with something.

Chairman Porter noted that the Board has talked in terms of the need for marketing, education as to who we are, etc.

Mr. Travous responded he will give the Board a list tomorrow of things he believes would be appropriate for a strategy.

Vice Chairman Cordasco noted that the Board is still talking about being the best that it can be. He asked if the Board is talking about going forward just being like everyone else. He doesn't want to be like everyone else.

Ms. Stewart responded that she believes it has to be more than just about the money, too.

Chairman Porter stated that he believes the Board really needs to market who the agency is.

Vice Chairman Cordasco noted that the history was to get the agency to where it is right now. Now it needs to go someplace.

Chairman Porter noted that the history shows where the agency has been moving for 20-30 years. He believes it needs to be made into a book. This is something the agency has become. Whether or not this is who we are and the role we play, we have issues and problems we need help with. The biggest thing he heard come out today is that the Board has a significant issue it needs to deal with before it can do much of anything else. That is to make sure the Board starts operating the existing parks on the level that a leader would operate them by getting the assets necessary to do it. The Board has the will and desire, it doesn't have the assets with which to do it.

Ms. Stewart added that if the Board is going to be a leader in conservation and has these park properties, we really need to be thinking about having solar demonstrations that are associated with forward thinking and have new designs that are more compatible with the environment. It's a whole new way of doing things if the Board is really going to be a leader.

Mr. Travous responded that he will bring a list of elements of a strategy to Thursday's meeting. Some of those items will have a short fuse because, even as we're speaking, the governor is holding meetings talking about this Growth Initiative.

Ms. Stewart asked if this is the Growing Smarter review group. She had a commission that was reviewing the progress of the Growing Smarter Initiatives.

Mr. Travous responded that it is a different group. It could be a result of that commission's recommendations.

Chairman Porter stated he wanted to move ahead. He believes there is a huge problem out there that the Board touched on a couple of times in the past and, in his opinion, have made no progress whatsoever. Sooner or later (5, 10, 15 years down-the-road) it is going to be the issue and it is going to bite this organization in the butt, along with a lot of other communities in Arizona. We need to start recognizing the changing demographics. We are not paying any attention to the fact that by 2020 or much sooner the State of Arizona will have a Hispanic majority. The bottom line is that it is happening as we sit here. The system does not fit into the structure of a Hispanic majority state. We are not geared up to deal with it; we are not able to get their interest; we are not able to attract them. He doesn't know what to do about it. Somehow a strategy must be devised to start looking at and dealing with the problem. Maybe we need a task force that needs to include Hispanics on it in order to be able to seriously look at how this organization is prepared to function in that environment.

Ms. Stewart noted that she just attended the Tourism Conference. There was a lot of talk about changes in the demographics and the resulting changes in how people view parks and places and people's lack of a sense of place. Younger people are more interested in communities of interest and may start thinking about recreation and vacations not so much in terms of places but activities. One of the points that was raised was that we need to market ourselves first in terms of activities and then in terms of place. When it came to the Hispanics, one of the points that was raised was, because of the close family connections with Hispanics who are not 3rd or 4th generation, that they don't really see the state parks as places where they would send their children. The state parks need to partner with the local parks that have the after school programs because they are used to trusting those people who they know with their children after school. We have to think about devising ways to partner with them to then get them to bring the children out to our parks so that the children can begin to grow up with the idea of state parks as a place they go to.

Chairman Porter stated that is the very point he was making. He really thinks that the Board needs to start devising a strategy to address this issue over the next few years so we don't get caught totally off guard down-the-road and suddenly discover we are standing in the dust behind this movement. He would like to see this brought back to the table and brought forward to where the Board really start consciously addressing the issue.

Mr. Woodling added that for many years he and his wife have traveled to many of the National Parks and National Monuments all over the West and in the East. One very seldom sees Hispanic families at any of them. However, one sees families gathered under ramadas at almost any County or City park in Tucson. Probably 90% of those people are Hispanic and are having their party or their family get-together. It's been his experience that right now the Hispanic families enjoy being with their own families in a park they can get to in a few minutes. They enjoy activities those parks provide – whether it's frisbee or softball. To get that change of mindset so they will travel to Tonto or outside their neighborhood will be tough. They have a totally different

viewpoint of parks. They certainly don't go to national parks in large numbers. He hears what is being said. Perhaps it is a bigger issue than this Board can deal with at this time because it is a cultural situation where they won't get in the car and spend a day at Tonto or Roper or whatever.

Chairman Porter noted that he agrees with Mr. Woodling. The problem is that if the Board doesn't try to address this issue it will be facing a state with a majority of Hispanic legislators. There will be a Hispanic governor. He would like to see something launched to begin moving in that direction. It has been mentioned that the Hispanics are attracted more to activity-driven things. The one thing that the Arizona Historical Society has done is launch activities that are not really tied to their museums but are conducted either at or near their museums that are true activities. They have an annual festival they put on in Tucson that attracts about 3,000-4,000 Hispanic attendees. He believes the Board needs to look to see if there are things we could do.

Mr. Travous noted that the Mariachi Festival draws a big crowd and the Salsa Festival at Lake Havasu also draws a big crowd.

Ms. Stewart added that some of the parks, like Roper, do attract a fairly large Hispanic group. She camps a lot in other western states. She has noticed that there is a much larger percentage of Hispanics at the state parks in New Mexico and southern California than in Arizona's state parks. She doesn't know if there's something they are doing differently.

Mr. Travous noted there is a much bigger population of Hispanics in New Mexico.

Chairman Porter noted that he did not want to beat this to death. The purpose of this working session is looking to the future and looking where the agency needs to be if the Board is going to continue to be this leader. That leader is going to have addressed that issue at least as much as it can.

Ms. Stewart noted that in the last year or so she has noticed things that have helped the Board as being seen in a leadership role. If more of our money and budget can be put in those areas she believes the bang for the buck will be pretty big. She noticed that ever since the Biologist position in southern Arizona was filled she's gotten a lot of positive feedback. She noticed that there was another position for another Wildlife Biologist. At some point we need to have more and more of those positions. It is important those people be available to serve on the Endangered Species Committee. Things like the Birding Festival bring people in from all over to the Verde Valley. If one of the EE staff were designated to set up more of those types of events in other places, the Board could be seen as a leader in birding. Audubon designated Red Rock State Park an important birding area. Those kinds of things are tremendous in terms of highlighting the Board as being leaders. We don't have a lot of resources, but she believes those types of things provide a lot of positive publicity and visibility.

Ms. Stewart added that it seems to her that perhaps the Board should take a more active role in monitoring the properties that were awarded Growing Smarter money. She asked whether or not the Board held easements over those properties.

Mr. Ream responded that they belong to the Arizona State Land Department.

Ms. Hernbrode added that, to her knowledge, all of the properties that were sold under that program had conservation restrictions on them. In that case, the Board did not take an easement. If any properties had been sold without that conservation restriction, then the Board would take an easement.

Ms. Stewart responded that it seems to her that perhaps having a person to put on educational things and bring in speakers who would be helpful to those people who got the land through that program and others who want to apply for the land in the future would put the Board in a leadership role. The Board would be doing a tremendous service to those who have received that money. The Board would be protecting the citizens' investment. The Board would get those others who might apply for that money ready to properly steward those lands. One person could be hired with the Growing Smarter interest. She thinks this would put the Board in a leadership role that doesn't take money from any of the other programs. Our own staff could learn a lot from those speakers and consultants who would be brought in. She believes there is a lot that could be done with that money that furthers planning and management of State Trust lands. She believes that is a legitimate use of those funds and puts the Board in a role where it is seen as a body who's a leader.

Chairman Porter noted Mr. Cordasco had talked of the possibility of sponsoring a Conservation Council. He asked if that is something that could be funded from the Growing Smarter interest.

Mr. Travous responded that the Board is about to go into budget discussions. He would like to see Mr. Siegwarth's presentation before discussing this. There are some things he has pushed Mr. Siegwarth toward for use of that money. It seems to him that the only place there is any wiggle room at all is that fund. However, the Board has to be careful to use it in accordance with the law.

Ms. Stewart noted that it has to be tied to a legitimate purpose. It seems to her that the Board does not have to narrow its responsibility to simply reviewing applications and awarding money. The Board has a legitimate role in preparing people who apply to manage their program if they're thinking about applying.

Mr. Travous responded that the problem, up to this point, was that nothing was being done and we lost the person who was doing that because there was nothing to do and no one applied for the vacancy. The program has been dormant for 3-4 years.

Mr. Ziemann added that the idea for the conference is great. His concern is that if that were his job – what would he do for 40 hours a week for 50 weeks a year.

Mr. Siegwarth reported that there are 3 positions funded out of the Land Conservation Fund: one in Grants that is currently vacant, one in Resources Management that performs geographic sprawl, growth, statewide studies, education, and evaluating the program, and another in the Administration area.

Ms. Stewart responded that that's the sort of thing that puts the Board in a leadership role.

Mr. Woodling referred to the discussion on Hispanic growth. He asked if there is any way the Board can monitor the Hispanic population that does go to the state parks.

Mr. Travous responded that a periodic survey is done at the parks. Part of the problem is that the majority of Hispanics come from metropolitan areas. It's not just a Hispanic thing – it's a metropolitan area thing and it depends on where their parents came from.

Mr. Woodling noted that KCSP is the flagship park and that he would be interested in knowing how many Hispanics visit KCSP.

Mr. Ziemann responded that he would provide Mr. Woodling with the latest survey.

Chairman Porter noted that the Board will have the opportunity on Thursday to revisit what was done today. He called for Recess at 3:30 p.m.

Chairman Porter reconvened the meeting at 3:50 p.m.

Chairman Porter noted that he in no way means to make light of the budget. He is well aware of how critical it is. On the other hand, he also knows that the Board's hands are tied. There is not a lot of wiggle room when it comes to how to spend what money we get. He requested that Mr. Siegwarth get to whatever highlights he feels the Board really needs to know and then open it for questions.

Ms. Stewart noted that she heard something about new money. She would like to understand how it will work.

D. BUDGET PRESENTATION – Mark Siegwarth

1. Overview

Mr. Siegwarth noted that he gave the Board two handouts because he found out this week that the agency received a little extra money (back-of-the-bill to cover things like the Attorney General fees, ERE changes, etc.). The General Fund is really \$7 million this year.

Mr. Siegwarth reported that a staff member, Amy Racke, OHV coordinator, got on PAMS and created an OHV brochure using PAMS. He pointed out maps that were displayed in the room that were created using PAMS (Contact Point). Once a week staff members Charles Eatherly, Ray Warriner, and Tom Tyndall (Computer Support) meet with him and “put Charles’ brain” into PAMS. They are actually putting deeds, agreements, legal descriptions, etc. into PAMS. He noted that there were problems with Picacho Peak a few years ago. Hikers don't really understand that they are to go up one side and down the other and around and up to the top. They requested a visual representation of the trail. A very nice brochure has been created in response to that request.

Mr. Siegwarth then began a PowerPoint presentation on the budget. He reported that the agency made \$9.2 million this year. The break-even target for this year was going to be almost \$12 million. The legislature reduced the break-even target to \$8.8 million. We are still trying to make \$10 million. Every year we have had to save \$500,000-\$600,000 out of the budget in order to not write bad checks. This is the first year the agency will make more than the revenue target. He will probably be able to release that \$500,000-\$600,000 of Vacancy Savings and Capital Equipment and get it back into the system. Even though the Board is not getting more money, there will be more money for the parks.

Mr. Siegwarth reported that the Board received the full \$10 million for the Heritage Fund. The Heritage Fund Interest is back up to about \$1.5 million. That's great news. SLIF is on target at \$8 million. The forecast for 07-08-09 is that it will go up 18%. He is forecasting \$9.5 million. OHV has been steady at \$2 million and that's what was budgeted. Land Conservation Fund interest is estimated to be \$4-\$5 million in interest. LEBSF is estimated to be \$2 million. The Pubs Fund had a goal of \$500,000; they made \$510,000 (gross) this year and met their goal.

Ms. Stewart asked what the net is. When selling products, the net is a very important figure.

Mr. Siegwarth responded that they figure the net doubled.

Ms. Stewart suggested that in the future staff really need to look at what is being spent for merchandise and what is being brought in.

Mr. Siegwarth responded that they have their goal in the budget (i.e., \$250,000 in merchandise this year), then the \$250,000 profit will either be used for employees or expanding the program.

Ms. Stewart noted that she's been to a lot of the park and they don't have all the merchandise they need.

Mr. Siegwarth agreed that's true. Part of the problem is that we are currently sitting on \$200,000. There was a cash flow issue that has now been resolved. There is an organizational capacity problem. Two employees are currently working on the online gift store, this program, the 50th Anniversary, and they are spread thin. He believes that they are behind in getting some of the merchandise out to the parks. The money is in the account but they are trying currently trying to get the Point of Sale (POS) system up and running so they can have a better inventory and get things out quicker. When they are doing that, they aren't getting things out to the parks. They are only two people and are overwhelmed at times.

Mr. Siegwarth referred to a slide on Expenditures. He reported that we got \$3.35 million in General Fund money. That means they reduced the Enhancement Fund by \$2,650. They also reduced the SLIF. There was really no net change in our operations. We got \$250,000 for the Arizona Trail Fund. That money is specifically just for projects on the Arizona Trail – not administration or anything else. We see that we're at organizational capacity – we're getting more stuff but we're really not getting more people. Heritage Fund Interest is up and we can fund 3 people. Natural Areas can no longer fund JoAnne Roberts so she is now on Heritage Fund Interest. SHPO can no longer fund John Larner, who works on historic exhibits, so he has been moved to Heritage Fund Interest. There is one new staff person – the new Biologist for the Central Region.

Mr. Siegwarth added that not only did he have to pull Mr. Larner from the Federal funds, the vacant Librarian position was eliminated due to lack of funds. OHV has enough money and wanted to hire their own manager. The Pubs Fund is adding two staff only if they make an extra \$107,000 (gross).

Ms. Stewart noted that still may not work out.

Mr. Siegwarth agreed. In the cash flow issues of life this will work. If it doesn't, it's an unappropriated fund and can come back to the Board at any time during the year. One of those positions is really a seasonal position at Lyman Lake (concession issue) and the second will assist the online gift shop should it begin making money. That person would mainly provide fulfillment (take orders and ship goods).

Mr. Siegwarth reported that the agency has been spending \$4 million per year of SLIF on parks. The legislature is not happy about that at all.

Ms. Stewart noted that they are the ones who told the Board to do it.

Mr. Siegwarth explained that they passively said it was OK. In the last session the JCCR said they really don't like that. After some discussions they said they don't believe the Board should spend more than \$3.8 million. Staff do not believe that JCCR has standing to tell the Board how to spend that money on operations. Staff used the \$700,000 General Fund offset to reduce SLIF expenditures, which brought it down to \$3 million. He had to get rid of FTEs. He cut \$100,000 from his Administrative budget; he cut \$100,000 from Computer Support; he cut \$100,000 from the Marketing budget; and cut \$100,000 from some positions (a campground reservation person for Janet Hawks, an Admin III for Dan Shein, and other miscellaneous items). Those are six positions that are truly gone.

Mr. Siegwarth noted that the pay package was nice. But all of the funds are capped because we tend to budget all revenue that can possibly be budgeted. As he increased personal services and ERE he had to cut somewhere because it was a square box – there was no more money. Staff are cutting various OOE budgets. In reality, the system really lost 6 FTEs that could do statewide things and many of the OOE budgets are strapped. RAM has some big ideas for the 50th Anniversary celebration; they are down \$100,000. Computer Support is spending \$50,000 on digital signatures and encryption for the system. Because of the Business Continuity Plan, they are in the process of moving all the files onto another network that is accessible from a remote location. His Computer Support budget was cut \$150,000 but he bumped it up \$50,000 because of PAMS. Their Operating budget went from \$250,000 to \$100,000.

Mr. Siegwarth referred to a slide relating to budget issues for FY 2008&09. He will be asking the governor and legislature for the agency's needs for 2008&09. He stated that the employees are still underpaid. Even though they got a 6.3% raise they may lose 2.5% to the Pay for Performance issue and they just lost 1.7% to the retirement rate increase. In previous years they had the same pay but their retirement contribution went up, making their take-home checks less. There are people in his section that he doesn't know how they can commute to work.

Mr. Siegwarth stated that the Board needs the Enhancement Fund back – 50% for Operations and 50% for Capital. SLIF – even though we're at \$3 million, we should ask them to kick \$2 million back up. They are still diverting \$692,000 of the OHV money for general park operations. When all of that is added together, he is really only asking for \$7 million. We're not all-day kindergarten; we're not a prison. But we're not asking for millions either. If we got the \$7 million, he thinks the system will make \$10 million very soon – perhaps next year.

Mr. Siegwarth noted that he would like to ask for \$7 million for next year. Basically we are at \$8.8 million now for the Enhancement Fund. He expects that the Board wants to grow the revenues from \$9 million to \$10 million and free up \$500,000-\$600,000 to use for park operations.

Mr. Scalzo referred to the Enhancement Fund and asked if the legislature reduced the General Fund by half of the Enhancement Fund.

Ms. Stewart responded that they reduced the amount they gave the Board from the General Fund and then raised the amount they expected the agency to earn beyond what it was able to earn. Then they said the Board needed to spend all of the money it earned on operating expenses. There is no capital.

Mr. Siegwarth referred to a slide relating to the impact on capital funding. He supposed the agency made \$10 million. Half of the revenues go to capital (Enhancement Fund capital of \$5 million). SLIF, because of an agreement with AORCC is \$2.5 million. The Heritage Fund Acquisition and Development Fund is \$1.7 million. Miscellaneous setasides and Trails is about \$800,000. That's about \$10 million. That's what the Board would have for capital. If the Board got ADOT to increase to \$5 million the total would be \$15 million a year for Capital projects.

Mr. Siegwarth noted that the Board has a \$188 million capital wish list. Best case, with \$15 million the development will take 12.5 years. Things break every year. Costs are rising. It's really going to take 20 years. We're not talking about developing new parks; we're not talking about unforeseen things. A 20-year plan is not good. The Board's options are to reduce the list to a 10-year plan. The LWCF may help. The Heritage Fund may help.

Mr. Siegwarth stated that, in a nutshell, the Board really has no capital. We need to get capital back. Staff can go for legislation for the \$188 million; staff can fight to get that \$7 million. Over and above all that, there is the issue of organizational capacity. The Board has fewer people. Everything just discussed is sitting on someone's desk. Every partnership and every agreement takes time. With \$7 million the Board could at least grow its revenues and maybe begin to fund some increase in operations down-the-road. As far as Phoenix staffing, a lot of employees are stressing out. They are working hard and have long to-do lists.

- 2. FY 2007, FY 2008, and FY 2009 Strategic Plan**
- 3. Revised FY 2007, FY 2008, and FY 2009 Operating Budgets**
- 4. FY 2007 SHPO Workplan Task List**
- 5. FY 2008 and FY 2009 Capital Improvement Plan**

Chairman Porter noted that the agency is barely keeping its head above water. Had the Board not gotten the extra money this year, the agency would have run out of money to even make payroll sometime this fall.

Mr. Siegwarth noted he is very proud of his staff this year. They saved \$600,000 that could have been spent but wasn't. He's ending the year with \$1.7 million in the bank. He reminded that Board that he was going to have an \$11.7 million budget based on our

revenues. He had cash flow issues. When you start off the year with \$1.7 million and know that you have to make \$10 million to break even and that most of that has to be made during the summer months it requires moving money right and left just to keep things afloat. Staff are very excited this year and are already setting up a program where as vacancy savings are generated they will be redistributed either into increased seasonal hours or place them in some operating budgets due to increasing costs in electricity and gasoline and increased number of campsites that go against their budgets. He knows this but cannot change anyone's budget because there's no more money.

Ms. Stewart referred to page 115 of the Board Packet, Item 3 – McFarland – and asked if that is additional money.

Mr. Ream responded that he thinks it will cost \$1 million. Picacho Peak was just bid. Staff budgeted \$250,000. He had to borrow \$150,000 to make it. He can't afford to not bid it again. It has ADEQ issues; it's our water system; a lot of things will happen with this one project. Things are running at least 30% over what the engineers are saying it would cost.

Ms. Stewart noted that the McFarland figure was several years old to begin with. She asked if more can be done or if it would be scaled back.

Mr. Ream responded that staff will be able to do all of it. There is an RFP on McFarland; there is only one respondent. He is not sure if it's been awarded exactly. An architectural firm has been or will be awarded the contract to do the plans at McFarland. Once those plans are done, phases will be listed, as staff have always said. He would like to continue to put money in McFarland so staff can walk away from a stable, up-to-code courthouse building. In the meantime, he is working with the Foundation to raise \$1 million to do the exhibits inside simultaneously. Once the courthouse is under stabilization staff will start with the exhibits master plan.

Ms. Stewart asked if Mr. Ream was referring to the Arizona State Parks Foundation.

Mr. Ream responded that currently it is with the ASP Foundation and MSPAC is talking about it as well. He has asked the ASP Foundation to take this on as one of their initiatives. He doesn't want to have a great building with old exhibits. He wants to do this at all of the parks.

Ms. Stewart stated that that leads to another question. There were discussions at one time about trying to be more environmentally sensitive in our development and perhaps involving schools of design at universities and have them come up with something to enhance ASP as being a leader in the area of sustained buildings. People would come to a destination just to see what's being done in that regard. It becomes an added attraction.

Mr. Cordasco noted that the Elder Hostel at Red Rock State Park is a great opportunity.

Ms. Stewart stated her question is whether that will be built into all of the parks.

Mr. Siegwarth responded that the governor has a Silver Standard for all buildings.

Mr. Ream added that we are the first Leeds Project in the State of Arizona. DOA is watching us very closely because, much like Pay for Performance, DOA got stuck with this idea that they have to develop. They are looking very closely at the Picacho Project to see how much more it costs; to see what kind of innovations can be brought in. Staff are actually designing it at Leeds Gold.

Ms. Stewart asked whether ADEQ's building is Leeds.

Mr. Ream responded that ADEQ's building is not owned by the State of Arizona.

Mr. Scalzo referred to page 23 of the Board Packet. He noted that staff would like to request a lump sum budget and that the Enhancement Fund and Reservation Surcharge be non-appropriated and that interest earnings on the funds be retained by the respective fund. He asked if staff are requesting that as part of this budget.

Mr. Siegwarth responded affirmatively. He does so every year.

Ms. Stewart noted that it is denied every year.

Mr. Siegwarth noted that around 2011 (when KCSP is considered complete and the Tonto lease/purchase payment is paid off) the 50/50 split between Operations and Capital goes away; the full amount is appropriated by the legislature. Staff have always said that the Board needs the flexibility to move the line between Capital and Operations. This year's budget had a passage that said money in excess of the appropriation would be left up to the Board's decision between Operations and Capital. That was struck. The Board cannot use any Enhancement Fund money for Capital in 07 except for the Tonto lease/purchase payment. As staff have said, some years the Board needs to spend 60% on Capital; other years 60% on Operations. The Board needs that flexibility.

Mr. Scalzo noted that staff are not asking for the appropriated General Fund; they are asking only for Enhancement Fund.

Mr. Ziemann noted that they appropriate all of the Enhancement Fund.

Mr. Scalzo referred to the idea of increasing revenues and meeting the revenue target. He asked how long staff were planning to increase the revenues.

Mr. Siegwarth responded that 5 years ago the Board talked about the future of the system. Staff realized that we would never get General Fund money and had the 50/50 split in the Enhancement Fund. All employees were polled. There were some good ideas from the bottom up to make money and how to improve things. It became an \$11 million goal. He believes we are very close to achieving that goal mainly because of electrifying 600 campgrounds, re-striping parking lots, etc. Fees were increased as appropriate.

Mr. Ream added that a Fee Philosophy was created in order justify those fees at the levels we have.

Mr. Scalzo raised the issue of sponsorships.

Mr. Siegwarth responded that that would be one thing. He believes that KCSP is down about \$500,000 and attendance is down 11%. It used to be that 11% of our visitation

was group tours. He gave up a position in Admin and reassigned it to the PIO to hire a group tour person because staff believe that they could be making an extra \$500,000 a year. Staff will meet with them because it's either put more people on the tours or we'll look at operations costs.

Mr. Scalzo noted that he always looks for the low-hanging fruit.

Mr. Ream noted that the Tonto Lodge is under-utilized for a number of reasons. It's not up to code and should not be occupied by people until it is. That money is in the system and the plans should be bid in the next month. When this building is brought up to code, the next phase will be to increase the capacity of the overnight visitation; then bringing in some overnight guests and running the operation. There's a lot of low-hanging fruit and it's starting to ripen as a result of Project 11. The project got held back for historic reasons. We got held back because this is a natural box spring that required a complete study to be sure we are not overtaxing the water availability and dry up this historic spring that feeds the park. This is just one project. It's the same thing at Picacho Peak and at Buckskin and Lost Dutchman and others.

Mr. Siegwarth noted that in the last five years there have been huge changes at the parks in the system. A number of committees have been formed, many of which are bottom up, including a cost savings committee, a fee committee, a development committee, and a communications committee that is very active in trying to the word out. The Park Managers are much more attuned to the bottom line dollar.

Ms. Stewart suggested that the online reservation system should help, as well as the online sales of the gift shop.

Mr. Cordasco asked if everyone on this Board has been appointed by Governor Napolitano.

Chairman Porter responded that he and Ms. Stewart were appointed by Governor Hull.

There being no further discussion, Chairman Porter adjourned the work session at 4:35 p.m.

Pursuant to Title II of the Americans with Disabilities Act (ADA), Arizona State Parks does not discriminate on the basis of disability regarding admission to public meetings. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the acting ADA Coordinator, Karen Farias, (602)364-0632; or TTY(602) 542-4174. Requests should be made as early as possible to allow time to arrange the accommodation.

APPROVED:

William C. Porter, Chairman

Kenneth E. Travous, Executive Director